VI of the Constitution of India. During last three years, in two cases of acquisition of land projects in Orissa, where the possession of land was taken over during 2003 and 2004, rehabilitation amount of Rs. 6.58 crores was released to the Government of Orissa. The number of affected families in these two projects were 513. In another case of acquisition of land project at Visakhapatnam sanctioned in 2005, the number of affected families is estimated as 450 and an amount of Rs. 10.05 crores has been released to the Government of Andhra Pradesh for providing rehabilitation measures as formulated by them.

Naval base at Vishakhapatnam

751. SHRI SUDARSHAN AKARAPU: Will the Minister of DEFENCE be pleased to state:

(a) whether the Ministry of Defence had sanctioned "Naval Alternate OP Base" at Vishakhapatnam;

(b) if so, the details thereof;

(c) whether Government have rehabilitated/resettled all the villagers/ persons displaced by the project; and

(d) what is the latest position with regard to implementation of R&R package under the Project?

THE MINISTER OF DEFENCE (SHRI A.K. ANTONY): (a) to (d) Setting up of a naval base or any alternative operational establishment at any place including Vishakhapatnam depends on the operational necessity. Whenever land is acquired for setting up any establishment of the forces, compensation etc. is paid as per law and rules applicable. It will not be desirable to disclose any further details in the matter in the interest of national security.

Participation of industry in defence sector

752. SHRI DARA SINGH: Will the Minister of DEFENCE be pleased to state:

(a) whether Government have streamlined new Defence Procurement

Procedure (DPP), so as to allow increasing participation of Indian Industry in Defence sector;

(b) if so, the details thereof; and

(c) whether the new policy lays down any procedure on limit of foreign equipment to be purchased for country's Defence sector, keeping in view that Indian Industry does not suffer or ignored in any way?

THE MINISTER OF DEFENCE (SHRI A.K. ANTONY): (a) to (c) The Defence Procurement Procedure (DPP) 2006 has been promulgated with effect from 1st September, 2006. DPP-2006 covers all Capital Acquisitions, (except medical equipment) undertaken by the Ministry of Defence. It includes a new procedure for the 'Make' category, a revised procedure for Indigenous Naval Ship building and a revamped Fast Track Procedure.

DPP-2006 has incorporated the following measures to facilitate increased participation of Indian Industry in defence sector;

(i) **Categorisation of equipment:**— Acquisitions covered under the 'Buy' Category would be classified as 'Buy' (Indian) and 'Buy (Global)': 'Buy' (Indian)' Category must have minimum 50% indigenous content if the system are being integrated by an Indian Vendor.

(ii) **'Make' Procedure:**—The aim of the procedure is to undertake Indigenous Research, Design and Development and Production by Indian Defence Industries. Projects under this procedure would involve design and development of High Technology Complex Systems indigenously. These projects are to be undertaken by Raksha Udyog Ratnas (RURs)/Indian Industry/Defence Public Sector Undertakings (DPSUs) Ordnance Factory Board (OFB)/ Consortia on a level playing field. This procedure would also adopted for all upgrades categorized as 'Make'.

(iii) **Transfer of Technology for Maintenance Infrastructure:**—In all 'Buy' Category cases where equipment is being brought from foreign vendors the provision of Transfer of Technology to an Indian Public/Private firm, for providing Maintenance Infrastructure would be applicable. In such cases, the foreign vendor would have to

identify an Indian firm which would be responsible for providing base repairs and the requisite spares for the entire life cycle of the equipment.

(iv) Offset provision is applicable for all procurement proposals where the indicative cost is above Rs. 300 crores involving the outright purchase from foreign/Indian vendors and purchase from foreign vendor followed by Licensed Production. These offset obligations shall be discharged directly by the direct purchase of, or executing export orders for, defence products and components manufactured or services provided by Indian Defence Industries. These offset obligations may also be discharged by direct foreign investment in Indian defence industries, and in Indian organizations engaged in research in defence R and D.

(v) A level palying field for the Indian industry has been ensured in DPP-2006 by incorporating the following guidelines to neutralize the impact of taxes and duties payable by Indian industry while carrying out evaluation of bids to determine L1 vendor, without making any changes in the tax structure.

(i) In case of foreign supplier, the basis cost (CIF) quoted should be the basis for the purpose of comparison of various tenders.

(ii) In case of indigenous suppliers, excise duty on fully formed equipment would be offloaded.

(iii) Sales tax and other local levies, *i.e.* octroi, entry tax etc. would be ignored in case of indigenous suppliers including Defence Public Sector Undertakings (DPSUs)/Ordnance Factories (OFs).

(iv) The payment conditions should be similar for domestic private suppliers, Defence PSUs/Ordnance Factories and the foreign suppliers.

No specific limit has been laid down in DPP-2006 on the purchase of foreign equipment by the Services for Country's defence needs. However, the procedure is so evolved that only cases where there is no indigenous capability, the procurement is being made ex-import. Even in such cases generally Transfer of Technology is being sought to an Indian firm so as to enable Indian defence industries to undertake subsequent licensed production.

DPP-2006 and DPM-2006 have been placed on the Website of Ministry of Defence (www.mod.nic.in).

Corruption charges against defence officers

753. SHRI AMAR SINGH: Will the Minister of DEFENCE be pleased to state:

(a) whether it is a fact that a large number of senior officers in Defence forces have been facing serious charges of corruption;

(b) if so, what are the details of such cases at present; and

(c) whether Government propose to aware exemplary punishment to such officers who are found guilty, apart from their dismissal from service, if so, the details thereof?

THE MINISTER OF DEFENCE (SHRI A.K. ANTONY): (a) and (b) the list of senior officers in Defence Forces facing charges of corruption and details of such cases, is given in enclosed Statement. (*see* below)

(c) Indian Armed Forces are governed by the irespective Acts namely Army Act, Navy Act and Air Force Act. Appropriate provisions exist in these Acts for taking action against Force personnel indulging in corrupt practices.

Statement

Sl. No.	Rank/Name	Case details
1	2	3
1.	Lieutenant General SK Sahni, Major General BPS Mander, Brigadier SK Handa Brigadier PS Gill	A Court of Inquiry instituted to look into irregularities in procurement of dry rations indicted Lieutenant General S.K. Sahni, Major General BPS Mander, Brigadier SK Handa, Brigadier PS Gill and six other junior officers for various lapses. The General Officer Commanding in Chief (GOC-in-C),